



DEPARTMENT OF  
ENERGY  
RESOURCES

February 20, 2017

Mr. Robert deV. Frierson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

**Via Agency Website**

***Re: Docket No. R-1547; RIN 7100 AE-58, Risk-based Capital and Other Regulatory Requirements for Activities of Financial Holding Companies Related to Physical Commodities and Risk-based Capital Requirements for Merchant Banking Investments, Notice of Proposed Rulemaking***

This letter concerns the Federal Reserve's Notice of Proposed Rulemaking (NOPR) which, as did the Advanced Notice of Proposed Rulemaking (ANPR), presents a threat to the natural gas consumers in our communities. We did not file comments on the ANPR, as we had not yet been made aware of and educated in the issues at hand. We became actively involved through our colleagues at the American Public Gas Association and Black Belt Energy. Upon learning about the threat these regulations pose to our business and our communities, we met with the North Carolina congressional delegation in Washington, D.C., as well as with municipal gas systems throughout North Carolina, who are too at risk. We are relieved that the provisions of the ANPR were not passed, and we do not find the provisions of the NOPR to be a suitable alternative. The NOPR imposes capital requirement restrictions that will disincentivize Financial Holding Companies (FHCs) from participating in long-term municipal gas supply transactions. We participate in these transactions, and our gas supplier is actively seeking to engage in further transactions. Our participation has provided our residential, retail and industrial consumers with discounted gas that will be flowing for decades to come. It is possible that FHCs, handicapped by these regulations, will be

driven out of the market. The consequence will be an increase in gas prices for our customers. Our communities have come to depend upon the discounted gas provided by these transactions. Working people, for whom every cent counts, will be the ones who pay the price for these regulations.



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